

(2) Payment to any employee of the association of a referral fee, bonus, or any incentive compensation, in cash or in kind, for referring any customer to the service corporation except as may be consistent with a “no-action” letter received by the association from the U.S. Securities and Exchange Commission (“SEC”), stating that the SEC will not recommend enforcement action if association employees receive the planned referral fee but do not register with a broker-dealer and the association does not register as a broker-dealer;

(3) Solicitation of a person to execute a transaction in a specific security by any registered representative;

(4) Indemnification by the service corporation to a degree greater than the indemnification provided to it by the third-party broker-dealer; and the association is prohibited from indemnifying a third party broker-dealer;

(5) Extension of margin credit by the association to customers of the service corporation or broker-dealer;

(6) Non-registered representatives who are dual or sole employees of the association performing tasks other than clerical for ministerial tasks; prohibited activities include accepting or delivering money or securities and taking orders to execute securities transactions.

(c) Any association that intends to acquire or establish a service corporation to engage in preapproved securities brokerage activities shall furnish to the OTS at least 30 days prior to the commencement of operations, written notice containing a full description of the brokerage services to be provided and a certification from the board of directors of such association that such services will be in compliance with all of the requirements of this section. In addition, the association shall retain complete records of all executed contractual agreements and memoranda between the service corporation and broker-dealers, investment advisors, the parent savings association, and their affiliates, pro forma income statements for a three year period, any required professional opinions, and a reasoned legal opinion from counsel that the securities brokerage services qualify as preapproved under this section.

(d) The Regional Director may request additional information at any time regarding the operations of the service corporation if there are supervisory concerns about the activity, has evidence that the activity may not be in the best interest of the association or service corporation, or has questions as to whether the activities are being conducted in a manner that is preapproved.

[54 FR 49492, Nov. 30, 1989, as amended at 55 FR 13511, Apr. 11, 1990; 57 FR 14340, Apr. 20, 1992; 57 FR 33437, July 29, 1992; 57 FR 48949, Oct. 29, 1992; 57 FR 62474, Dec. 31, 1992; 59 FR 53570, Oct. 25, 1994; 60 FR 66717, Dec. 26, 1995; 61 FR 66570, Dec. 18, 1996]

**§§ 545.83—545.90 [Reserved]**

**§ 545.91 Home office.**

All operations of a Federal savings association shall be subject to direction from the home office.

**§ 545.92 Branch offices.**

(a) *General.* A branch office of a Federal savings association is any office other than its home office, agency office, data processing or administrative office, or a remote service unit. Except as limited by this section, any business of a Federal savings association may be transacted at a branch office.

(b) *Eligibility.* Federal savings associations eligible for expedited treatment pursuant to section 516.3(a) of this chapter may establish a branch office without prior approval subject to the procedures in paragraph (f) of this section. A Federal savings association subject to standard treatment as defined in § 516.3(b) of this chapter shall not establish a branch office without prior approval subject to the procedures in paragraph (e) of this section.

(c) *Application form; filing; completion; supervisory objection.* Applicants shall obtain application and notice forms and related instructions from the OTS.

(d) *Processing of applications/notices.* Processing of applications and notices shall be subject to the following procedures:

(1) *Publication.* (i) A federal savings association must publish a public notice of the branch application or notice in accordance with the procedures specified in subpart B of part 516 of this chapter.